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Kazakhstan Sues New York Financier for Alleged Role in Fraud Conspiracy

New York, July 13, 2020: The Republic of Kazakhstan has launched a legal action against New York-based financier, Daniel Chapman, and his associated finance companies, accusing them of conspiring to perpetrate a wide-ranging fraud. The complaint, filed in the Supreme Court of the State of New York is now being served.

Chapman and his group of finance companies have been major investors in the Kazakh operations of two Moldovan oligarchs, Anatolie Stati and his son, Gabriel Stati (the "Statis").

The Statis stole the funds of their international investors by fraudulently inflating the expenses of their Kazakh companies and systematically stripping their assets, according to the complaint. To perpetuate the fraud, the Statis created falsified financial statements and then lied to their auditors at the international accounting firm, KPMG, to get them to issue reports stating that the financials were accurate. The Statis' investors included Deutsche Bank, Goldman Sachs and Standard Chartered Bank. The Trustee was Wells Fargo Bank.

Kazakhstan alleges Daniel Chapman discovered the Statis' fraud in or about 2012, but instead of taking legal action, he unlawfully conspired with the Moldovan businessmen to try and recoup the stolen monies through legal action against Kazakhstan.

Chapman and his companies acted like "a victim of a Ponzi scheme, who, rather than taking legal action that would risk collapsing the scheme, decided to join and support the scheme to obtain money from a new victim [Kazakhstan]," the complaint states.

In a major blow to the Statis, KPMG last year [withdrew](#) all of the audit reports for the Statis' financial statements. KPMG said "reliance should not be placed" on these reports because of new evidence showing that the Statis had repeatedly lied to their auditors.

Kazakhstan, which is seeking a jury trial, is also pursuing relief permitted by law, including compensatory and punitive damages. Launching the action, the Minister of Justice of the Republic of Kazakhstan, Marat Beketayev, said:

"It is extraordinary that victims of crime should financially support the criminals who have defrauded them. But Chapman and his companies have made a strategic error in joining with the Statis in targeting Kazakhstan. Chapman chose to support legal proceedings that he knew were based on fraud. We very much look forward to proving our case to a New York court and jury. We are confident that justice will be served."

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